

METROPOLITAN UTILITIES DISTRICT
1723 HARNEY STREET
OMAHA, NEBRASKA 68102

GERALD A. RADEK
GENERAL MANAGER
(402) 449-8155

July 18, 2000

Carl Strock
Brigadier General, U.S. Army
Division Engineer
Department of the Army
Northwestern Division, Corps of Engineers
P. O. Box 2870
Portland, Oregon 97208-2870

Dear General Strock:

Attached is a written copy of my comments submitted to the Regional Listening Session hosted by the Northwestern Division, U.S. Army Corps of Engineers in Omaha, Nebraska today.

Sincerely,



G. A. Radek
General Manager

/bj

strockcomments

June 29, 2000

I am Gerald A. Radek, General Manager of the Metropolitan Utilities District, a political subdivision of the State of Nebraska. Thank you for the invitation to the Regional Listening Session and the opportunity to address the Northwestern Division of the U.S. Army Corps of Engineers on water resource challenges for the 21st century.

The Metropolitan Utilities District, often referred to as the "District", is a combination water and natural gas distribution utility. I am here today to address the water issues. The District currently treats and supplies potable water to 168,000 customers in the Metropolitan Omaha Nebraska area. We serve a population of nearly 600,000, or one-third of the population of the entire state of Nebraska. We are governed by a seven-person Board of Directors, elected at large from our service territory. Included in our service territory are the communities of Omaha, Bellevue, Ralston, LaVista, Boystown, Bennington, Elkhorn, Waterloo, Fort Calhoun, Offutt Air Force Base and Carter Lake, Iowa.

I specifically want to address two issues concerning the water industry that are of particular concern to our District and which were alluded to in your information brochure at this meeting. One being the water supply infrastructure and the second being raw water supply. I will address each issue independently and each with respect to our utility. That is, I do not necessarily speak for the water industry as a whole.

First, the infrastructure. Water supply has traditionally been a revenue-based industry. Unfortunately, many communities have used water revenues to support other non-revenue facets of government. The District was created as a separate entity from other governmental functions and as such the District's infrastructure has been well planned, maintained and capable of expanding to serve new customers while maintaining reasonable rates. The District in the past thirty-two years, since we added our last water supply, has increased its customer base from 96,000 to 168,000, yet it is capable of continuing to expand and serve growing metropolitan area while maintaining low water rates. In recent surveys published in the Omaha World-Herald the District's water rates were among the lowest in the country.

The point I am making here is that water rates for communities can adequately fund infrastructure issues if the utility is properly managed. Federal assistance should not be a necessity. That statement is made with one caveat. That is water quality requirements. The water industry water quality standards are set by the United States Environmental Protection Agency under the Safe Drinking Water Act. So long as sound science is used to set water quality standards, every community should be capable of meeting those standards. However, when the standards require the removal of man-made contaminants which have infiltrated raw water supplies, the federal government, which has control over the use of those contaminants or the manufacturer of the contaminant, should finance the cost of removal of the contaminant from the treated water. The example I cite would be the removal of atrazine. If it is required that atrazine be removed from treated water, the cost of doing so should be paid either by

the federal government that has failed to restrict its use, or by a tax on the chemical industry so that those benefiting from the use of atrazine pay for the removal cost. A water consumer in a community should not have to bear the cost of removal of the man-made chemical from his water supply simply because the water source from which his water is taken is contaminated from industrial or agricultural operations.

The second issue I wish to address is water supply. In 1993 the District approached the Corps of Engineers to obtain a permit to build a water treatment plant which would enable the District to increase its water supply for the growing metropolitan area. The proposed project, which has been in the planning stages for the last 30 years, is environmentally sound and will provide high quality water at an affordable cost. The plant is needed in 2002. It will take five years to build. Water is essential to life both for direct human consumption and for all aspects of personal hygiene. Water supplies for fire protection are also essential for public safety. Lastly, public water supplies enhance the environment by providing improved urban living conditions and urban habitat for wildlife. Urbanized growth cannot continue where water resources are not available.

There is little question that water supplies will be stressed in the future, but without water humanity cannot exist. According to the United States Geological Survey's information on water supply use in the state of Nebraska, less than 3% was taken for municipal water supply systems.

We do not yet have the permit we requested. It now appears that if we receive our permit to take water we will not receive it until 2002. It seems incomprehensible that in order to obtain a permit to build a new water supply and treatment plant, with the concerns that were expressed in your advanced literature that it should take nine years to get a permit. During the seven years since our application process began our plant cost has escalated from \$178 million to \$ 269 million due to the delay in obtaining a permit and our customer base has grown by over 10 percent. Water systems are built with extensive infrastructure. Other alternatives that would nearly double the cost, would reduce reliability, would leave constructed infrastructures stranded, and would provide lower quality water should not be considered as viable alternatives.

In the water industry we understand the need to address environmental issues, but there must be a reasonable balance between environmental issues and critical municipal water supply needs. Planning water system infrastructure requires long range plans. Those cannot be easily modified once they are developed. Modifications of plans because of environmental concerns or any other reason can have devastating effects on facilities' financial planning.

In closing I wish to reiterate the two issues I have brought forward to you today.

One is that infrastructure should not be a problem if water utilities are properly managed and if revenues are limited to use for water system purposes. Secondly, above all other uses, water supply must be made available for human needs. Water supplies will

always impact the environment, but reasonable mitigation plans can be developed to allow water utilities to maintain adequate high quality water supplies at affordable cost to the ratepayers. Water supply projects always improve the human environment. Minimal negative impacts can reasonably be mitigated.

Thank you for listening. You have been furnished a copy of my remarks for the record.